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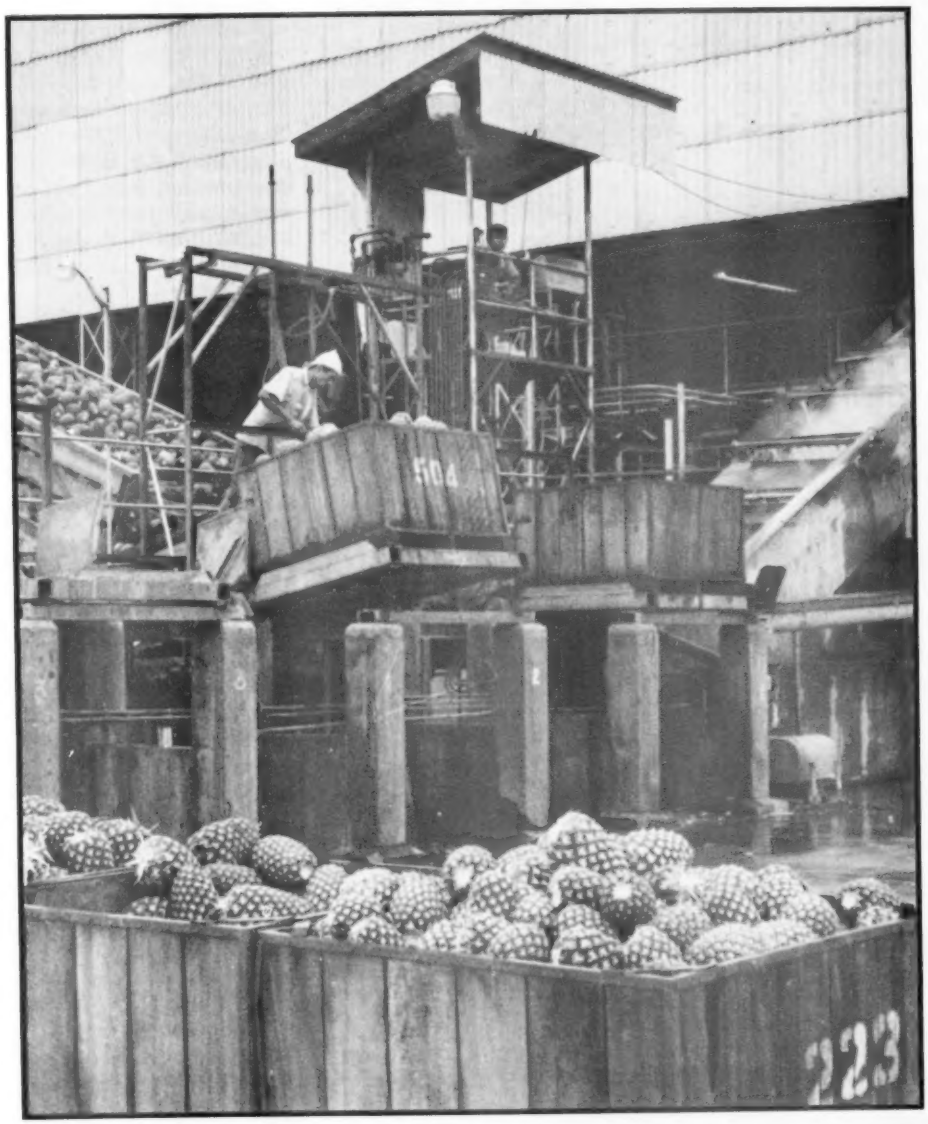

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GDR Expands Farm Trade With United States

By Greg W. Myers and Andrew A. Duymovic

Trade between the German Democratic Republic (GDR) and the United States is expanding. Since the GDR's founding in 1949, most of its trade has been with neighboring East European countries, including the Soviet Union. But since 1974, commercial relations between the GDR and the United States have been strengthening. U.S. export sales to the GDR are dominated by feedgrains, especially corn and protein meals.

The German Democratic Republic (GDR), intent on strengthening its economy and raising living standards for its nearly 17 million inhabitants, is seeking expanded trade with the United States.

Since the GDR's founding in 1949, trade with neighboring East European countries — including the Soviet Union—has accounted for the major share of the country's exports and imports.

However, following the establishment of diplomatic relations between the GDR and the United States in 1974, commercial relations between these two countries have been expanding.

U.S. agricultural exports to the GDR dominate this trade. Adjusted for transshipments, these exports have grown from $28 million in 1971 to a peak of $413 million in 1976—a year in which drought-reduced grain availabilities in Europe, following the disastrous 1975 USSR grain crop, forced the GDR to buy more grain from the United States.

U.S. farm exports to the GDR in 1977 were valued at about $240 million, and preliminary data indicate exports in 1978 fell to $203 million. Declines in shipments of corn and soybean meal more than offset a sharp increase in wheat sales.

The GDR has taken steps to develop the U.S. market and is seeking most-favored-nation (MFN) tariff treatment for its exports and to qualify for U.S. Government credits. Under the U.S. Trade Act of 1974, extension of credits or MFN tariff treatment is prohibited to Communist countries that restrict emigration.

Some other reasons for present and potential growth in U.S.-GDR trade:

- The easing of political tensions resulting from the establishment of diplomatic relations.
- The GDR Government's decision to improve living standards; e.g., expansion of the livestock sector in recent years to permit higher consumption of meat requires greater imports of grain and protein feeds.
- The need to supplement declining supplies of agricultural products from the USSR. Since 1970, there has been a gradual—although variable—decline in these imports. Wheat imports from the USSR, for example, declined from an average 1.5 million metric tons in 1970-72 to 400,000 tons annually during 1975-77.
- U.S.-GDR trade discussions have resulted in an informal understanding that the GDR's annual requirements for U.S. grains are expected to be 1.5-2 million tons. Grain consultations between the two countries have been held yearly to facilitate this trade.

U.S. agricultural sales to the GDR have consisted largely of grains (barley, corn, oats, sorghum, and wheat), and soybean meal.

U.S. exports of these commodities to the GDR in 1971 accounted for $26 million worth of the total $28 million for all U.S. agricultural commodities exported to the GDR—a trend that continued through 1978, when shipments of these items were valued at $200 million or 98 percent of total agricultural sales.

Corn is by far the leading U.S. agricultural export to

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the GDR. During 1971-78, U.S. shipments of corn totaled about 8.3 million tons, or about three-quarters of total U.S. grain sales to the GDR.

Similarly, grains have averaged about 75 percent of U.S. agricultural sales to the GDR in recent years.

U.S. exports of citrus and cattle hides to the GDR also have increased. Citrus exports climbed from about $400,000 in 1971 to $2 million in 1977, but totaled $1.3 million in 1978. U.S. exports of cattle hides to the GDR increased from $228,000 to $754,000 during the same period.

Because of transshipments (movement of U.S. goods through third countries, which does not appear in U.S. statistics on direct bilateral trade), U.S. Census Bureau data in recent years have understated significantly the volume of U.S. farm exports to the GDR.

For example, during 1971-77, total U.S. agricultural exports to that country were valued at $1.41 billion. However, 85 percent of this total was transshipped through third countries and therefore was not reported in U.S. Census Bureau statistics as U.S. exports to the GDR.

In 1978, the value of transshipments of U.S. agricultural exports to the GDR totaled only an estimated $50 million, or about one-quarter of total U.S. farm sales to that country.

This significant change is attributed largely to improved reporting, with exporters showing the GDR as the final destination on appropriate shipping documents even though the U.S. goods continued to move through third countries.

In addition, improved port facilities in the GDR are allowing a larger share of U.S. commodities to move directly through its ports.

The usual ports for U.S. transshipments to the GDR are in Canada, the Netherlands, Belgium, and West Germany. Most of these shipments move through West Germany because of its geographic proximity to the GDR—and particularly through Hamburg, where the GDR maintains storage facilities.

The GDR—the most highly industrialized country in Eastern Europe, has achieved the highest economic standard of living among member countries of the Council for Mutual Economic Assistance (CEMA)—Bulgaria, Cuba, Czechoslovakia, the GDR, Hungary, Mongolia, Poland, Romania, the USSR, and Vietnam.

In the past several years, the GDR has developed a sizable trade imbalance in its dollar and ruble accounts. Deterioration of the country's terms of trade with the USSR began in 1975 as a result of adjustments in the CEMA price structure, which boosted the prices of raw materials the GDR—a resource-poor country—must import from the Soviet Union and other CEMA countries. Such imports include cotton, lumber, iron ore, aluminum, natural gas, and petroleum.

The GDR's deficit position with Western countries increased as its appetite for Western products and commodities expanded and Soviet deliveries of industrial materials and grain declined.

In 1973, the GDR's trade deficit with the West was $800 million. Rocketing prices for imports from all sources in 1974 sent the deficit to $1 billion by 1975 and to $1.6 billion in 1976.

Western financing to cover expanded purchases of Western equipment and

U.S.-GDR Conference Centers on Grain

Consultations on German Democratic Republic (GDR) purchases of U.S. grain, held in Washington, D.C., February 6, included: (1) Indications by the GDR that its 1979 grain imports from the United States may approach the 1978 level of about 1.6 million metric tons, (2) an expressed GDR preference for U.S. corn over feed barley from other origins—depending on corn-barley price relationships, and (3) agreement to exchange grain trade data between the two countries on a quarterly basis. Among the U.S. and GDR officials participating in the consultations were Thomas R. Hughes, FAS Administrator, and (pictured above, l-r) Werner Lange, Commercial Counselor, GDR Embassy; D. J. Novotny, Director, FAS Grain & Feed Division; Manfred Wolf, Director General, NAHRUNG (GDR export-import agency for grain); and H. J. Skirde, NAHRUNG Deputy Director General. Discussions will resume and be concluded in May.

technology, and particularly its large grain imports in the drought years 1975 and 1976, pushed the GDR's hard-currency debt to an estimated $6-$6.5 billion by the end of 1977.

These increasing debts and the sizable trade deficits with the West have prompted the GDR to moderate the growth in overall hard-currency imports, while simultaneously attempting to increase its exports to Western countries.

The expanding foreign-exchange debt over the past several years resulted from several factors.

Although the foreign-trade turnover rose substantially during the 1971-75 Five-Year Plan, significant changes in the international price structure in 1973 resulted in deterioration of the GDR's terms of trade.

Also, the world recession developed during this period, dampening demand for GDR products in Western markets. As a result, the country's overall trade surplus was transformed into a deficit.

The trade deficit and the increase in hard-currency debt have hampered economic growth during the past several years.

Underlying factors that have restrained the economy include:

- Rising costs for energy and raw materials imported from suppliers in both Eastern and Western countries.
- Effects of poor harvests in 1975 and 1976.
- Pressures created by labor shortages. The GDR population dropped from 17.1 million in 1970 to 16.8 million in 1976 while the industrial labor force remained nearly constant, with minor increases coming at the expense of the agricultural sector.

After the GDR emerged from diplomatic isolation following 1972, there was a sharp increase in its use of Eurocurrency credits from $12 million in 1974 to about $690 million in 1977. Combined with the rising inner-German swing credits provided by West Germany, the GDR has managed to achieve modest rates of growth.

Inner-German swing credits are a special category of interest-free financing provided by West Germany only to the GDR to cover trade between the two countries. Earlier, these credits were limited to 25 percent of the value of goods and services delivered in the previous year by the GDR to West Germany.

Beginning in 1976, funds available during 1976-80 under the swing-credit arrangement have been limited to the equivalent of about $450 million outstanding at the end of each calendar year. Thus, while the amount outstanding may exceed the equivalent of $450 million (DM850 million) at any time during the year, it may not exceed this limit at the end of the year.

The GDR is likely to remain a net importer of agricultural commodities because of its limited agricultural resource base, even though its overall trade may be hindered by the conditions outlined above.

Specifically, imports of animal feeds are likely to continue at substantial levels if the country expects to meet the demands of its livestock sector and produce enough meat to satisfy consumer demand.

Dominated by feedgrains —particularly corn—and protein meals, total U.S. agricultural export shipments to the GDR are expected to remain at significant levels. □

U.S. Agricultural Exports to the German Democratic Republic (adjusted for transshipments), 1971-78
[In thousand metric tons]

Item	1971	1972	1973	1974	1975	1976	1977	1978 [1]
Wheat, total	0.3	145.8	418.0	11.1	335.1	718.9	83.9	316.4
Direct [2]	0	84.6	63.6	0	14.5	98.2	70.7	201.1
Transshipments [3]	0.3	61.2	354.4	11.1	320.6	620.7	13.2	115.3
Coarse grains, total	403.1	556.2	741.5	1,164.4	1,625.7	2,160.8	1,255.2	997.2
Direct	284.8	146.9	61.0	119.4	29.5	298.2	111.8	791.4
Transshipments	118.3	409.3	680.5	1,045.0	1,596.2	1,862.6	1,143.4	205.8
Total grains	403.4	702.0	1,159.5	1,175.5	1,960.8	2,879.7	1,339.1	1,313.6
Direct	284.8	231.5	124.6	119.4	44.0	396.4	182.5	992.5
Transshipments	118.6	470.5	1,034.9	1,056.1	1,916.8	2,483.3	1,156.6	321.1
Soybeans, total	15.4	0	0	57.6	0	8.1	11.6	1.0
Direct	15.4	0	0	0	0	0	0	1.0
Transshipments	0	0	0	57.6	0	8.1	11.6	0
Oilcake & meal, total	22.9	0	108.9	215.5	298.3	230.2	414.4	260.5
Direct	0	0	33.1	0	0	0	24.4	204.6
Transshipments	22.9	0	75.8	215.5	298.3	230.2	390.0	55.9

[1] Preliminary. [2] U.S. Census Bureau data. [3] Data from *Foreign Agricultural Trade of the United States*, ESCS, USDA.

U.S. Agricultural Exports to the German Democratic Republic (adjusted for transshipments), 1971-78
[In thousand dollars]

Item	1971	1972	1973	1974	1975	1976	1977	1978 [1]
Wheat, total	19	8,829	33,760	2,244	58,074	106,275	9,539	40,763
Direct [2]	0	5,029	3,785	0	2,756	14,863	8,219	25,801
Transshipments [3]	19	3,800	29,975	2,244	55,318	91,412	1,320	14,962
Coarse grains, total	22,488	30,500	68,188	149,918	229,950	253,253	125,042	103,469
Direct	15,871	7,475	6,441	12,556	4,060	33,878	12,027	81,012
Transshipments	6,617	23,025	61,747	137,362	225,890	219,375	113,015	22,457
Total grains	22,507	39,329	101,948	152,162	288,024	359,528	134,581	144,232
Direct	15,871	12,504	10,226	12,556	6,816	48,741	20,246	106,813
Transshipments	6,636	26,825	91,722	139,606	281,208	310,787	114,335	37,419
Soybeans, total	1,662	0	0	11,282	0	1,730	3,090	250
Direct	1,662	0	0	0	0	0	0	250
Transshipments	0	0	0	11,282	0	1,730	3,090	0
Oilcake & meal, total	2,153	0	26,925	45,966	51,964	41,795	96,358	55,106
Direct	0	0	10,765	0	0	0	5,118	43,574
Transshipments	2,153	0	16,160	45,966	51,964	41,795	91,240	11,532
Other, total	1,839	1,666	3,541	5,630	3,740	9,892	5,833	3,318
Total agricultural exports	28,161	40,995	132,414	215,040	343,728	412,945	239,862	202,906
Total nonagricultural exports	6,069	3,156	3,482	3,714	6,623	6,493	4,902	16,445
Total U.S. exports	34,230	44,151	135,896	218,754	350,351	419,438	244,764	219,315

[1] Preliminary. [2] U.S. Census Bureau data. [3] Data from *Foreign Agricultural Trade of the United States*, ESCS, USDA.

Canada's Bumper Grain Crops Clog Storage, Transport Facilities

By Evans Browne

Two back-to-back, record-high grain crops have generated severe handling and distribution problems for Canada's railroads, country elevators, and port facilities. Sporadic labor problems on railroads and at ports have added to delays. Proposed solutions include imposing a 7-day-per-week schedule on port handling operations, additional grain storage capacity, and more railway cars.

Canada's two successive bumper grain crops (1976/77, 1977/78) are straining the capability of the railroads, country elevators, and port facilities to meet the handling and shipping requirements of the record outturns.

Railroads in the post-harvest weeks of 1978 were hampered by work stoppages and slowdowns, plus shortages of cars to carry grain.

Country elevators in December were filled to an average 72 percent of capacity, compared with about 65 percent a year earlier.

Port terminals were hindered by a combination of inadequate handling capability, delays in unloading railcars, and sporadic labor problems.

As a result of these developments, Canada's wheat stocks at the country's three principal export positions—the Pacific ports, Thunder Bay (on Lake Superior), and the Eastern elevators—in January were an average 39 percent of capacity.

Stocks at Pacific ports in early January were only 50 percent of capacity, and the regular winter shutdown of the St. Lawrence Seaway resulted in a sharp reduction in stocks at Eastern outlets to meet export commitments.

For the 16 weeks beginning August 1, Canada's weekly wheat export rates from the Pacific ports were 97,000 tons; from Thunder Bay, 4,000 tons; and the Eastern elevators, 216,000 tons. Exports during those weeks totaled 5.1 million tons—about 6 percent less than in the year-earlier period.

At Vancouver in early December, 18-20 ships were waiting to load grain. Vancouver and Prince Rupert in 1977/78 shipped 8.5 million tons of grain, compared with a record 9 million in 1972/73. As of August 1, grain loadings on the West Coast were more than 800,000 tons behind the normal schedule, and this amount has been carried over to the new crop year.

The railway line to Prince Rupert was out of service (because of a washout) during most of November and December, resulting in deferral or diversion of 30,000 tons of grain per week during the shutdown. Vancouver, already booked to capacity, found it difficult to absorb much—if any—of the grain originally intended for loading at Prince Rupert.

Vancouver has its own terminal problems: An elevator heavily damaged by fire in 1978 is being rebuilt, another has been temporarily closed for audit, and a third is having mechanical problems with new equipment. An elevator at nearby Victoria (capacity: 1 million bushels) was torn down in 1976.

Vancouver's total storage capacity has dropped from 730,015 tons in 1972/73 to 662,015 tons in 1977/78. Arrivals of tough and damp grain—reportedly up to 60 percent of arrivals in September/October—added to the storage problem.

A consortium of six companies has been trying to finalize plans for a new elevator at Prince Rupert. The consortium wants to bid on the existing Government elevator at Prince Rupert, but the Government has been slow to act on the offer.

Despite the rail and terminal problems at Prince Rupert and Vancouver, total grain loadings at these ports have increased 60 percent over the past 10 years to 8.4 million tons.

Vancouver in 1972/73 handled up to 2,820 railcars per week, but only 300-400 per week unloaded grain at the port in the final weeks of 1978.

Thunder Bay, too, has had its problems. An 11-day maritime strike occurred at the peak of the grain shipping season, which followed a wildcat rail strike, resulting in an estimated total deferral of 300,000 tons of grain to the 1978/79 crop year.

Nevertheless, Thunder Bay during the past 10 years has doubled its grain volume to 13.2 million tons, while terminal space declined from 2.6 million tons to 2.2 million tons.

Total deferrals of grain from Churchill and Thunder Bay during the 1977/78 marketing year were 800,000 tons, with another 1.5 million tons deferred from West Coast ports. In addition, the situation at Prince Rupert will result in deferral of at least 200,000 tons, making a total in deferred shipments for the year of 2.5 million tons.

Aside from rail and terminal difficulties, there were other developments during 1978 that aggravated the problem of moving grain to ports:

- Faced with a huge 1977 Prairie barley crop to sell in an already surfeited world market, the Canadian Wheat Board (CWB) was unable to make much of a dent in the stockpile and the 1977/78 crop year ended with a small delivery quota.
- Barley producers, faced with a bumper crop, full bins, and an open (non-Board) market, moved their barley to the elevator for

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sale on the open market.

• Stock-switching continued, but physical stocks remained in elevators because the CWB was unable to sell this grain and farmers were unable to move grain for which they had sales into these full elevators.

• Rain in the latter part of the Prairie grain harvest left farmers with tough, damp grain they could not dry and did not wish to store. They unloaded as much of this grain as possible at their country elevators, which were similarly disposed to keep this grain moving and shipped it to terminal points, thus adding to handling problems at these locations.

Switching grain stocks between and among country elevators and terminal points also has contributed to overall storage problems. Under Canada's domestic feedgrains policy, there are no quotas on deliveries of non-Board grains.

However, unrestricted switching between country elevators had the net effect of permitting non-Board grains to crowd out CWB-regulated grain, and the switching practice was suspended in October 1978.

Switching was a useful device for private grain traders and the feed industry in Western Canada, but when non-Board grain stocks at country elevators passed the 20 percent permitted limit, the practice was halted.

Another indication of the severity of the rail car shortage is the sharp rise in the number of grain cars loaded by producers rather than by elevators. During August-October 1978, 1,042 cars were loaded with grain by producers, compared with only 250 cars in the comparable year-earlier period.

Canada's railroads are taking steps to ease the pinch on their facilities and equipment. The Canadian National Railroad is putting 1,000 rebuilt grain cars into service, and the Canadian Pacific is eliminating four bottlenecks on lines reaching from the Prairie Provinces to Vancouver. Also, the CWB has placed orders for 2,000 new grain hopper cars.

Railroad officials protest being saddled with more than their share of the total blame, however. Charles Armstrong, a CN vice president, says:

"The idea that 'there's nothing wrong with the system that more cars, better service, and snappier car-handling wouldn't solve' is a distortion of the problem.

"Snappier grain handling means cutting down the average grain car cycle time from the present 19 days—only 8 of which represent the transportation component for loads to Vancouver and only 9.5 of which account for the 22 days in the Prince Rupert cycle.

"Terminal capacity must be increased, too. An increase in West Coast port handling from present peak levels of 350 million bushels translates into no more than two trains per day on a year-round basis.

"Existing Vancouver terminal capacity requires CN to keep a minimum of 500 cars waiting at the terminal, with often an additional 1,500 cars en route—all acting as movable storage facilities.

"The addition of more railcars without some parallel improvement in the acceptance rate at the ports would generate further terminal congestion and demand for costly additions to the railway plant."

Armstrong lists several bottlenecks other than the car-shortage problem that should be given consideration: Inadequate unloading capability at terminals, limited grain-cleaning capacity, and intermittent lack of ship availabilities.

"We are approaching a threshold in grain movement through Vancouver where railway performance is no longer the governing factor, and further gains will require some fundamental changes in the other system components," he says.

Specifically, he recommends 7-days-per-week unloading at terminals instead of the present 5-day schedule, reduced separation of grains at terminals, additional storage capacity, and inland cleaning facilities.

Grain stocks on farms are significantly higher than they were a year earlier. A recent CWB survey reported stocks of deliverable grain on Prairie farms at 39.1 million tons, compared with 34.2 million tons a year earlier. The largest increases are in Durum wheat, barley, and rapeseed stocks.

Farmer's stocks of Red Spring, Utility, Red Winter, and Soft White Spring wheat were 20.4 million tons, slightly more than the 19.9 million tons that were on hand at the same time a year earlier. □

Soviets Claim High Accuracy in Crop Forecasts

Soviet forecasting of grain production in the USSR has achieved a high degree of accuracy, according to S. Bedarev, an official of the Kazakhstan Scientific Research Hydrometerological Institute.

Information obtained from an aerial survey laboratory, land research, observation from agrometerological posts, and long-term prognoses permit forecasts that are subsequently confirmed as over 90 percent accurate, Bedarev claims.

"The large-scale, efficient prediction of productivity permits us to analyze extensively the work of coming harvesting operations for entire zones, oblasts, or rayons," Bedarev explained in an article published in the Moscow daily newspaper *Izvestiya.*

Such predictions permit planning of harvest strategy in advance and maneuvering of harvesting equipment from one area to another as required by the condition of the grain.

Helicopters and land vehicles are used to take technicians directly into production areas, where samples of grain can be taken.

Special equipment is used in photometric tests, with sensitive photoelements recording changes in surface colors of crops.

Through these devices, the fertility of plants can be judged. The color characteristics of the growing areas can be translated into quantative data.

Bedarev has no doubt as to the value of these crop examination techniques to the Soviet economy. As he puts it: "In a short period of time, we obtained a clear picture of the condition of grain on huge areas, whereas on land, they are evaluated according to individual fields and land areas." □

U.S. Imports Fare Well In Rapid Expansion of Dutch Fats, Oils Industry

The United States was the major beneficiary in the impressive expansion in Dutch oilseed imports during 1978. Looking ahead in 1979, the soya complex in the Netherlands will continue to be competitive with other major vegetable fats and oils and demand is expected to grow, although at a slower rate than in 1978.

Regarding soybeans—the most important imported oilseed, Dutch imports for all of 1978 are estimated at 2.56 million metric tons versus 1.61 million in 1977. Dutch imports of U.S. soybeans during calendar 1978 are estimated at 2.2 million tons worth $558 million, compared with 1.40 million tons valued at $378 million in 1977.

Harvesting soybeans in Iowa. The U.S. soybean crop in 1977/78 was a record 48 million metric tons, of which 39 percent was exported. The Netherlands is an important market, with the U.S. share of Dutch soybean imports standing at 87 percent in calendar 1978.

The U.S. share of the Dutch soybean market last year was 87 percent or about the same as that of 1977.

Brazil's share of this important soybean market declined to 4 percent last year versus 7 percent in 1977 while the Argentine share jumped to 9 percent in 1978 from 5 percent a year earlier.

For the first three quarters of last year, the latest data available in most cases, Dutch oilseed imports rose 48 percent above the comparable 1977 period, largely as a result of a 57 percent surge in soybean imports. Other significant import increases in this period were recorded for lard, tallow, and fish oil and to a lesser extent for soybean oil and linseed oil.

Faring well in the enlarged Dutch demand and led by a 50 percent gain in soybean imports, purchases of U.S. oilseeds, fats and oils increased 42 percent (on a fat/oil basis) from the comparable 1977 period. As a result of this spectacular growth, the U.S. share of this important overseas market is preliminarily placed at around 35.5 percent, up 5.6 percent from the year-earlier level.

During the first 9 months of 1978, imports of U.S. tallow increased 7 percent to 55,600 tons, while those of other greases rose 32 percent to 15,000 tons and those of crude fish oil expanded 82 percent to 22,700 tons.

This increase in overall imports by the Netherlands stemmed primarily from the combination of a 17 percent rise in Dutch exports of fats and oils and a 9 percent jump in domestic utilization.

Despite rather dim prospects in early 1978, the position of the Dutch fats and oils industry improved greatly. As the year progressed, relatively low world prices for soybeans triggered an upsurge in world demand for soybean oil and meal that was especially pronounced in the European Community (EC).

During 1979, increased competition from palm oil and rapeseed oil will probably tend to limit the growth in demand for soybean oil. Because the growth in Dutch demand for fats and oils is expected to be less than the 1978 rate, only slight increases are seen in Dutch imports of soybeans, oil, and meal for 1979.

Despite a 33 percent rise in Dutch oilseed meal production through the opening 9 months of 1978, imports of meals were still running about 4 percent ahead of the year-earlier levels. The main reason for this development was a 64 percent jump in Dutch exports of oilseed meals.

During calendar 1978, Netherlands imports of soybean meal expanded 7 percent to an estimated 900,000 tons as the volume from the United States advanced one-third to around 300,000 tons. Meanwhile, Dutch re-exports of soybean meal during the first 9 months of 1978 approached 300,000 tons, a gain of 78 percent from the same year-earlier period. Most of these re-exports went to other EC countries. For 1979, a continued expansion in West European demand for soybean meal is anticipated, with a corresponding rise in Dutch re-exports.

Significant gains were also recorded in Dutch imports of linseed meal, partly for re-export but mainly for domestic use.

Dutch data for the January-September 1978 period

revealed an increase of nearly 20 percent in imports of oilseeds and fats and oils, with soybean imports leading the advance.

Dutch imports of vegetable oils rose 4 percent to 353,100 tons during the first 9 months of 1978, with gains occurring in coconut oil, soybean oil, palm kernel oil, and linseed oil. Despite a 9 percent drop from the year-earlier period, imports of palm oil, estimated at 117,200 tons, accounted for about one-third of all imported vegetable oils. Edible lard imports by the Netherlands rose 165 percent during this 1978 period to 19,100 tons while imports of tallow and greases advanced 14 percent to about 200,700 tons.

Overall value of all Dutch imports of oilseeds and fats and oils rose 6 percent to about US$1 billion from January to September 1978.

Some of the other significant changes in the origin of Dutch imports during January-September 1978 were:

- Palm kernels—Reductions in imports from Nigeria (down 50 percent) and the absence of imports from the Ivory Coast in favor of imports from Costa Rica, Indonesia, Cameroon, and Sierra Leone.
- Rapeseed—Strongly increased amounts from West Germany, Denmark, and Sweden at the expense of those from the German Democratic Republic, Poland, Canada, and France.
- Palm oil—A sharp fall-off in imports from Malaysia in favor of those from Indonesia and other sources.
- Soybean oil—Increased imports from Belgium/Luxembourg, West Germany, Brazil, and France.
- Crude fish oil—Besides the significant import increase from the United States, substantial gains from Japan (up 69 percent) and Iceland (up 53 percent) and a drop from Norway (down 48 percent).

On the other side of the trade coin, Dutch exports of oilseeds and fats and oils during the first 9 months of 1978 grew almost 18 percent to 688,263 tons as the value of these exports increased around 11 percent to US$551 million.

Significant changes in the export pattern during this period were: Sharply increased oilseed exports to West Germany and Belgium; a sharp reduction in crude coconut-oil exports to West Germany compensated by increased exports of refined oil to France; less palm oil exports to West Germany; and increased exports of corn oil, mainly to Italy.

Oilseed crushings in the Netherlands were running well ahead of the year-earlier levels, with imported oilbearing materials again accounting for most of the crush. The competitiveness of soybeans versus other oilseeds improved as a result of the spectacular rise in soybean crushing—and soybean imports. Another important factor in the larger crush was that a new crushing plant, with a reported capacity of 1 million tons, in Rotterdam's Europort began operating sooner than expected.

Dutch crushing of soybeans expanded 37 percent during the first half of 1978 and totaled 1.04 million tons, while crushing of copra, palm kernels, and rapeseed were below those of a year earlier. Oil production from this crush rose 17 percent to 242,000 tons, including a 35 percent jump in soybean oil output to 189,000 tons.

The very competitive position of soybean oil is illustrated by the nearly 60 percent increase in Dutch exports of soybean oil and the 22 percent rise in its domestic use. This phenomenal growth in the trade and usage of soybean oil was mainly at the expense of rapeseed oil, palm oil, and sunflowerseed oil. This trend, which is highly beneficial to U.S. exporters, is expected to continue well into 1979.

Lard, tallow, and greases also continued to register significant gains last year, a movement that was mainly supported by a 23 percent increase in the Dutch usage of these fats in compound feed. The United States benefited from the higher Dutch import demand for these products, but there is a tendency for the U.S. share to level off even as the Dutch demand continues to grow in 1979.

Regarding Dutch domestic oilseed output, somewhat drier-than-normal weather conditions adversely affected yields, but had a positive effect on the quality of the 1978 oilseed crops — mainly rapeseed, but also including caraway seed, poppy seed, and flaxseed. Combined production is estimated at 38,000 tons, 16 percent below the 1977 level as rapeseed output fell 18 percent to about 25,000 tons. The lone gainer was caraway seed, rising 150 percent to 4,300 tons.

The most significant change in animal-fat production occurred in butter output, which increased to an estimated 225,000 tons in 1978, a gain of 26 percent from the year earlier. Increased availability of milk for butter—and nonfat dry milk—resulted from the higher than anticipated increase in milk production and the lower than expected use of milk for producing cheese, canned milk, and whole dry milk.—*Based on a report from James A. Hutchins, Jr., U.S. Agricultural Attaché, The Hague.* □

U.S. Processed Foods Set for Amsterdam and Paris Exhibits

To capitalize on the strong sales potential of U.S. processed foods in the Netherlands and France, FAS will sponsor back-to-back, trade-only food shows in Amsterdam and Paris in May and June. Information regarding these exhibits was mailed to the U.S. food trade January 21, 1979.

To be held at the Amsterdam Crest Hotel May 30-31 and at the Paris Sheraton June 5-6, these displays are designed to promote U.S. processed foods in both retail and institutional packs.

The displays will provide U.S. firms—both new-to-market and already established—an opportunity to expand their contacts with the Dutch and French trade with a minimal investment of time and money.

Full product lines of fresh, frozen, canned, dried, cooked, and dehydrated food items will be featured, and U.S. manufacturers, processors, and exporters of such items—including vegetable oils, spices, fruits and vegetables, nuts, jams and jellies, soups and cake mixes, and meat products—are invited to participate.

The U.S. Agricultural Attachés in France and the Netherlands have discussed sales possibilities for U.S. processed foods with Dutch and French importers, wholesalers, retailers, processors, and others in the trade. The Attachés have determined that the trade is particularly interested in seeing displays of U.S.

fresh fruits and vegetables, nuts, poultry products, table condiments and spreads, dried fruits, and gourmet and convenience foods. The FAS information packet contains a full listing of those items believed to have potential in these markets.

The Attachés stress that firms wishing to introduce new-to-market products should avail themselves of FAS's label clearance program. Product labels are submitted for study to the Export Trade Services Division (ETSD) of FAS in Washington, for transmittal to the Agricultural Attaché in the targeted country.

After reviewing the labels, the Attaché will provide ETSD with an advisory opinion regarding the product's export eligibility. Because labeling and ingredient laws of other nations may differ from those of the United States, exporters may save both time and money by obtaining such a ruling prior to trying to send such products overseas.

The Netherlands, because of its role in transshipment, is one of the world's largest dollar markets for U.S. agricultural products and is a leading European market for U.S. prepared foods.

France is the sixth largest agricultural importer in the world, buying large volumes of bulk commodities, including many from the United States. France is now the U.S.'s leading market for consumer food items in Europe, exceeded only by Japan and Canada worldwide.

Between 1970 and 1977, the value of U.S. agricultural exports to the Netherlands almost quadrupled to a record $2.1 billion. Bulk items accounted for about 95 percent of these exports, but shipments of consumer products also have increased steadily in value. Consumer product exports totaled $92.1 million in 1977, only slightly less than the previous year's record.

Shipments of red meat and meat products, variety meats, and poultry and poultry products accounted for over 40 percent of the U.S. consumer product total in 1977.

Among the most important consumer items exported to the Netherlands that year were fresh oranges ($7.8 million), fresh grapefruit ($7.2 million), nuts ($7.9 million), frozen orange juice concentrate ($5.4 million), and miscellaneous grocery items ($4.9 million).

U.S. agricultural exports to France totaled $465.5 million in 1977, with consumer food products accounting for $145.5 million of the total. The most important consumer products that year were red meats and meat products ($33.1 million), offals ($51.7 million), and nuts and fresh fruits ($16.9 million each). Dried fruits ($14.6 million), preserved fruits and vegetables ($6.9 million), and other miscellaneous prepared food items ($1.1 million), also were important items.

Tradesmen in the U.S. food industry interested in learning more about these shows—or the other services offered by FAS—should write: Director, Export Trade Services Division, Foreign Agricultural Service, Washington, D.C. 20250, or telephone (202) 447-6343. □

Record U.S. Farm Exports to Jordan in '78

In 1977, the United States held No. 1 spot as Jordan's supplier of industrial and agricultural products, and in 1978 U.S. agricultural exports to Jordan reached a record value of $26.1 million, exceeding the 1977 total by 22 percent.

During 1978, wheat was again the No. 1 U.S. agricultural export to Jordan, accounting for nearly 60 percent of the value of U.S. farm shipments to that country. Corn and soybean meal—the major ingredients used in Jordan's poultry feed—were the next two most valuable products shipped to Jordan.

U.S. rice shipments to Jordan in 1978 recovered from the low 1977 level to about 1,700 tons. U.S. rice, however, still has only a small share of the Jordanian market—about 7 percent in 1978. Jordan receives most of its rice supplies from Egypt, Italy, and Spain.

During 1978, shipments of U.S. tobacco to Jordan were 210 metric tons, more than 2.5 times the 1977 total, but still short of the 1976 level of 289 tons.

In 1977, Jordanian data show that agricultural imports from the United States amounted to 11 percent of Jordan's total agricultural imports of JD83 million, compared with a 13-percent U.S. share of the 1976 total of JD88 million. (In 1977, the average exchange rate was US$1=320 fils, and in 1976, US$1=332 fils. In September 1978, the rate was US$1=299 fils. In all 3 years, JD1=1,000 fils.)

Fourteen percent of total Jordanian imports from the United States of JD67 million were agricultural products, compared with 37 percent of a U.S. import total of JD31 million in 1976.

In absolute terms, Jordan's agricultural imports from the United States in 1977 also were lower than in 1976. Standing at JD9.5 million, 1977 imports of U.S. farm products were off 17 percent from the JD11.5 million a year earlier. The drop was mainly because of reduced Jordanian purchases of U.S. wheat, which were not offset by gains in purchases of U.S. corn and feed concentrates.

According to the data, Jordan's imports of nearly all U.S. farm products, except wheat, seeds for planting, food preparations, and rice were higher in 1977 than in 1976. Outstanding value gains were made by almonds (+207 percent to JD42,000), infant cereal foods (+171 percent to JD42,000), corn (+139 percent to JD1.01 million), and confections (+138 percent to JD55,000). Imports of U.S. canned fruit and vegetable juices rose twentyfold in value; wheat groats and honey rose fourfold.

The value of U.S. wheat shipments to Jordan was down 31 percent from JD9.3 million in 1976 to JD6.4 million in 1977. Imports of seeds for planting were off 9 percent to JD153,000; food preparations, 19 percent lower to JD127,000; and rice, 79 percent lower to JD41,000.

In 1977, Jordan's imports from all sources were JD455 million, 15 percent of the total from the United States. A year earlier the total was JD339 million, with the United States supplying 9 percent. □

Based on report by Shackford Pitcher, U.S. Agricultural Attaché, Damascus.

Thailand Brakes Growth Of Pineapple Industry

Although physical expansion of Thailand's booming pineapple industry has been halted—temporarily at least—by the Government's ban on new plant construction, further expansion over the next 2-3 years is expected, and exports of canned pineapple and juice are projected to continue at relatively high levels.

The Government's views became apparent when the Board of Investment decided to delay approval of applications for 15 pineapple canning plants, apparently because of fears the industry might be weakened by having too many producing units. The Government said the delay would last at least until the Ministry of Industry completes a study of the makeup of the entire pineapple industry and of the Government's policies governing pineapple production and marketing.

Informed guesses by the trade are that the application ban will remain in place after the study is completed.

The Board's action came shortly after it had approved applications to construct five other plants that will bring the country's plant total to 12 and double production capacity from 12 million cases (24 #2 cans) to 24 million.

Based on report by Paul J. Ferree, U.S. Agricultural Attaché, Bangkok.

To supply the need for pineapple, production will probably be boosted to well over the estimated 1.5-million-metric-ton record of 1977/78 and area will climb higher than the year's 250,000 hectares. Some observers estimate pineapple production will be at least 20 percent higher in 1978/79 than in the previous year.

The 12-percent production climb in 1977/78 came partly as the result of switches from sugar production to pineapples by farmers interested in the higher income possible from pineapples. Favorable moisture and growing conditions also helped to increase output.

Farmers already growing pineapples are expected again to increase their area in 1978/79 and many other farmers are likely to switch from sugarcane to pineapples. Canning plant growing area is expected to stay about the same as in 1977/78, except for the recently approved plants that will open new fields.

It is believed that only 185,700 tons, or one-eighth of 1977/78's fresh pineapple production, was used for canning and juice. The rest was consumed domestically as fresh fruit.

Canned pineapple output in calendar 1978 is estimated at a record 7 million cases, up from 5.9 million a year earlier. Canned pineapple juice, a byproduct of pineapple canning, accounts for less than 5 percent of the total.

Canned juice production was estimated at 241,380 cases in 1976 and 275,860 cases in 1977.

Domestic consumption of canned pineapple is increasing slowly because of the availability and reasonable prices of fresh pineapple. An estimated 2,500 tons of canned pineapple and juice were consumed locally during calendar 1977, but this was still 11 percent over 1976's total. The 1978 outlook was for an increase of 15 percent.

Customs records show 88,061 metric tons of canned pineapple were exported in calendar 1977, up 43 percent from the previous year's 61,445 tons. Reflecting growing demand for Thai pineapple, 1978's canned pineapple exports were expected to be 15 percent higher, at 105,700 tons. Canned pineapple juice exports in 1977 were 2,408 metric tons, compared with 2,301 tons a year earlier.

The five most important customers for Thai pineapple in 1977, with comparative totals for 1976 (in parentheses), with volume in metric tons were: The United States, 42,826 (29,213); West Germany, 15,920 (16,276); Spain, 4,884 (6,377); Japan, 4,809 (3,343); and the Netherlands, 4,120 (1,097).

The top five major importers of Thai pineapple juice in 1977 were: The United States, 1,339 tons; the Netherlands, 360 tons; Saudi Arabia, 139 tons; Chile, 100 tons; and Bahrain, 90 tons.

Thai pineapple is undergoing strong competition from other producers in the Far East such as Taiwan and the Philippines, and from Kenya, especially in the European Community. But as the new Thai canneries come into production, Thailand is expected to improve the quality of its product as well as its production and marketing efficiency. This could strengthen that country's impact on its markets. □

New Zealand Lamb Exporter Makes 7,000-Ton Sale to Iraq

A New Zealand exporter, signing a US$13.9 million contract, will supply 7,000 metric tons of lamb (550,000 carcasses) to Iraq over a 6-month period ending in early 1979. The Iraqi buyers indicated that further purchases of lamb would be considered during 1979.

Ironically, instead of lamb prices rising in New Zealand, the announced price to lamb producers beginning November 20, 1978, fell on the average 10 cents per kilogram. The lower price offered to farmers is a result of a decline in market prospects and increased slaughter and processing costs. The rise in costs stemmed from increased wages to workers in processing plants that the Government had been paying since July 1978 and the discontinuance of Government aid to producers as of October 1.

Another New Zealand firm announced the sale of 600 tons of carcass mutton, worth about US$535,000, to China. The purchase was a trial shipment with hopes of further sales later on. □

Beef, Pork Demand Up In Korea

Demand for beef and pork in Korea is shooting up; consumption last year rose 63 percent and 38 percent, respectively, over year-earlier levels. To meet this growing demand, Korea is providing incentives to livestock producers and importing increasing quantities of beef and pork as well as breeding stock.

Korea's Ministry of Agriculture and Fisheries (MAF) estimated that cattle numbers at the end of 1978 stood at 1.728 million head —up 7 percent from 1977.

This increase is attributed to favorable prices for beef, milk, and milk products, as well as to the MAF's incentive policy of paying cash bonuses for each newborn live calf. MAF estimates that cattle numbers may rise to 1.838 million head by year's end.

Only 30,000 of the planned 35,000 head of cattle were expected to be imported in 1978 because of complications involving shortage of air transportation and congestion of limited quarantine facilities in Korea.

As of the end of September 1978, about 11,000 head of dairy breeding stock were imported; about 10,000 of these animals were from the United States, the rest from Canada and other countries. Of the 10,000 head of beef calves imported 500 were U.S. origin and the balance from New Zealand and Australia.

Cattle slaughter in 1978 was estimated at 330,000 head, slightly more than in 1977. Meat production per animal was expected to rise because of the MAF's incentive of paying a cash bonus for cattle weighing 500 kilograms or more at the time of slaughter.

Continued strong demand for pork and favorable prices paid to farmers were expected to increase swine numbers at the beginning of 1979 to 2.083 million head—a growth of 41 percent over the depressed 1978 inventory and 7 percent above the record 1977 inventory. Numbers are expected to rise to 2.181 million this year.

Korea's MAF planned to import about 3,000 head of breeding stock swine, mainly from the United States, in order to accelerate the increase in swine numbers.

Korea was expected to import 67,000 metric tons of beef and 11,000 tons of pork to meet domestic demand in 1978.

According to Korea's Livestock Industry Development Corporation (LIDECOR), most of the beef was to be imported from Australia and New Zealand because beef prices in those two countries are the lowest on the world market.

Beef imports in 1978 were more than eight times the 1977 import level of 7,996 tons.

About 400 tons of high-quality beef from the United States were to be imported by the Korea Tourist Hotel Supply Center.

LIDECOR currently plans to import about 62,900 tons of beef in 1979 to supplement domestic production and meet demand.

Acording to LIDECOR, of the 11,000 tons of pork expected to have been imported in 1978, 9,000 tons was of U.S. origin, the balance from Taiwan.

Domestic consumption of beef in 1978 was expected to skyrocket 63 percent over 1977 levels to 138,400 tons; that of pork was placed at 188,000 tons, up 38 percent. MAF projects 1979 beef and pork consumption at 161,700 tons and 218,000 tons, respectively. *Based on a report from Gerald W. Shelden, U.S. Agricultural Attaché, Seoul.* □

Brazil's Cotton Exports Dip

Brazil's rising domestic demand for cotton (which includes expanding textile exports) plus the termination of the Government cotton export subsidy at the end of 1978 is expected to lower 1978/79 (August-July) cotton exports to about 35,000 metric tons (160,000 480-lb bales), down from about 42,000 tons (193,000 bales) in 1977/78. Export levels should be even more modest in future years, according to Edmond Missiaen, U.S. Agricultural Officer, São Paulo.

Production, on the other hand, is forecast to increase moderately during the next several years. A crop of about 575,000 tons (2,640,000 bales) is forecast for 1979/80, approximately 7.5 percent above the estimated level for 1978/79.

Mill consumption of cotton in Brazil, estimated at about 500,000 tons (2,295,000 bales) for 1978/79, is expected to increase 3-5 percent annually over the next several years.

Since cotton carryover stocks from the previous season plus production approximately match domestic requirements, not more than 10,000-20,000 tons (50,000-100,000) bales will be available for export in calendar 1979. If consumption continues to increase, as expected, cotton exports will remain at low levels. □

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$570 Million in U.S. Export Credits Approved

Export credits and financing with a total value of $570 million were approved during December 13-January 12 under USDA's CCC Export Credit Sales Program.

Poland, the major recipient, was extended financing for U.S. export sales and noncommercial risk protection for U.S. exporters who sell on credit to enable Poland to purchase $300 million worth of U.S. agricultural products.

Of the total for Poland's a 3-year, $200 million credit covers U.S. exports of feedgrains ($66.2 million), protein meals ($64 million), wheat ($43 million), soybeans ($14 million), cotton ($5 million), tobacco, ($2.8 million), vegetable oils ($2 million), and tallow ($2 million).

A $100-million allocation under the Noncommercial Risk Assurance Program protects against noncommercial risk defaults in payments to U.S. exporters who sell agricultural commodities to Poland on credit. Exporters may assign their rights to any U.S. bank that finances an export sale transaction. Commodities to be covered will be announced later.

A new $170-million credit for Korea is to finance export sales of 621,735 metric tons of U.S. wheat valued at $85.5 million; 145 running bales of cotton, valued at $50.2 million; 291,260 tons of feedgrains, valued at $30 million; and 8,640 tons of tallow, valued at $4 million.

A new $50-million credit for Peru is to finance U.S. export sales of 180,960 tons of U.S. wheat, valued at $25 million; 87,930 tons of feedgrains, valued at $9 million; 18,865 tons of soybeans, valued at $5 million; and 17,187 tons of vegetable oils, valued at $11 million.

A $50-million credit for Portugal covers financing of 250,485 tons of feedgrains, valued at $25.8 million; 86,950 tons of wheat, valued at $12 million; 8,620 tons of soybean meal, valued at $2 million; 33,965 tons of soybeans, valued at $9 million; 2,160 tons of tallow, valued at $1 million; and 400 head of breeding swine, valued at $200,000.

U.S. agricultural commodities eligible for CCC export credit sales financing include barley, breeding cattle and swine, yellow corn, cotton, cottonseed meal and oil, linseed oil and meal, complete mixed feeds (85 percent or more eligible commodities), oats, peanut oil, potatoes (including seed and dehydrated), protein concentrates (75 percent or more eligible commodities), rice, sorghum, soybeans, soybean meal and oil, edible soy protein, sunflowerseed meal and oil, tallow, tobacco, wheat, and flour. □

Netherlands Market for Grapes Has Potential for Growth

Dutch glass-house grape production is decreasing each year and falls far short of meeting domestic needs, according to U.S. Agricultural Attaché James A. Hutchins, Jr., The Hague. Production in the 1978/79 season is estimated at 1,500 metric tons. Annual imports were about 25,000 tons.

Imports of U.S. grapes during the winter months amounted to 570 tons in 1975/76, compared with practically none in 1976/77 and 316 tons in 1977/78.

Prospects for the 1978/79 season look good, although there is concern about the quality of the U.S. crop.

Price levels are high. Spain harvested a small crop because of the long, dry summer. Spanish grapes are selling for the equivalent of 50 U.S. cents per pound, compared with 35 cents a year earlier. This means the price gap between Spanish and U.S. grapes (priced at 66-70 cents per pound) has narrowed considerably.

Although U.S. grapes arrive in December, they are usually kept in cold storage until Spanish grapes have disappeared from the market.

The Netherlands reexports most of its imports of U.S. grapes, largely to Scandinavia and West Germany. Dutch consumption of U.S. grapes is minor, as a major effort to open this market has never been undertaken.

Transportation costs and the high (18 percent) import duty are the major stumbling blocks to opening larger markets for California grapes in Western Europe. □